

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 97949 / July 19, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-13675

In the Matter of	:	ORDER AUTHORIZING THE TRANSFER
	:	TO THE U.S. TREASURY OF THE
	:	REMAINING FUNDS AND ANY FUNDS
Value Line, Inc., Value Line	:	RETURNED TO THE FAIR FUND IN THE
Securities, Inc., Jean Bernhard	:	FUTURE, DISCHARGING THE FUND
Buttner, and David Henigson,	:	ADMINISTRATOR, AND TERMINATING
	:	THE FAIR FUND
Respondents.	:	

On November 4, 2009, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b)(4), 15(b)(6) and 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (the “Order”)¹ against Value Line, Inc. (VLI), Value Line Securities, Inc. (“VLS”), Jean Bernhard Buttner (“Buttner”), and David Henigson (“Henigson”) (collectively, the “Respondents”). In the Order, the Commission found that, from 1986 to November 2004, the Respondents violated federal securities laws by engaging in a fraudulent practice that misappropriated approximately \$24 million in assets from the Value Line Family of Mutual Funds (the “Funds”) in the form of inflated brokerage commission payments to VLS, VLI’s affiliated broker-dealer. The Respondents also made materially false and misleading statements and omissions about VLS and a so-called “commission recapture” program to the Independent Directors of the Funds’ Board meetings and to the Funds’ shareholders in public filings with the Commission, including in the Funds’ registration statements.

The Commission ordered, and VLI paid, a total of \$43,705,765.00 in disgorgement, prejudgment interest and a civil money penalty to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected, along with the disgorgement and prejudgment interest collected, could be distributed to those harmed by the Respondents’ conduct described in the Order (the “Fair Fund”). VLI was ordered responsible for all costs associated with distribution of the Fair Fund. The Commission also ordered Buttner and Henigson to pay a total of \$1,250,000.00 in civil money penalties to the Commission.

¹ Securities Act Rel. No. 9081 (Nov. 4, 2009).

The Fair Fund, comprised of the \$43,705,765.00 paid by VLI, pursuant to the Order, was deposited in a Commission-designated account, and all accrued interest has been added to the Fair Fund.

On September 2, 2010, the Commission issued an order appointing A.B. Data Ltd. as the fund administrator of the Fair Fund and waived the bond requirement.²

On November 8, 2010, the Secretary, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),³ pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Commission’s Rules”);⁴ and simultaneously posted the Proposed Plan of Distribution (the “Proposed Plan”). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission’s public website or by submitting a written request to Joseph Dever, United States Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281. The Notice also advised that all persons desiring to comment on the Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received no comments on the Proposed Plan during the comment period. On January 4, 2011, the Secretary, pursuant to delegated authority, issued an order approving the Proposed Plan,⁵ and posted the approved Plan of Distribution (the “Plan”).

The Plan set forth a methodology for allocating the Fair Fund, plus any interest earned, less all taxes, and all approved costs and expenses of the administration to compensate those certain injured shareholders who held Value Line Funds⁶ during the Relevant Period for their harm suffered, plus interest thereon, as calculated using the methodology in the Plan.⁷ Any remaining funds are to be transferred to the U.S. Treasury and the Fair Fund terminated, subject to the Commission’s approval of the Fund Administrator’s final accounting.

As ordered by the Commission, the Fund Administrator distributed a total of \$19,657,089.13 from the Fair Fund to 99,885 harmed investors, pursuant to the Plan.⁸ Of this amount \$14,792,306.56 was successfully disbursed and cashed by recipient investors (75.3%), resulting in the recipient investors being fully compensated for their losses, plus interest.

The Fair Fund earned \$485,878.80 in interest; and paid \$150,843.00 state and federal taxes, \$49,131.88 in investment/bank fees, and \$47,485.01 for the fees and expenses of the Tax Administrator.⁹ The Fair Fund currently holds \$6,242,321.86, which is comprised of

² Order Appointing a Fund Administrator and Waiving Bond, Exchange Act Rel. No. 62837 (Sept. 2, 2010).

³ Exchange Act Rel. No. 63269 (Nov. 8, 2010).

⁴ 17 C.F.R. § 201.1103.

⁵ See Order Approving Distribution Plan, Exchange Act Rel. No. 63640 (Jan. 4, 2011).

⁶ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

⁷ Given the amount paid into the Fair Fund, even with the Plan providing to fully compensate harmed investors, including interest, a significant surplus of funds was anticipated by Commission staff, in part, from the \$10 million civil money penalty paid by VLI; thus, \$22,909,555.49 in surplus funds were remitted to Treasury in 2017.

⁸ See Order Directing Disbursement of Fair Fund and Vacating Prior Order of Disbursement, Exchange Act Rel. No. 79553 (Dec. 14, 2016). This order vacated Order Directing Disbursement of Fair Fund, Exchange Act Rel. No. 69469 (Apr. 26, 2013).

⁹ VLI is responsible to pay all fees and expenses of the Fund Administrator pursuant to the Order.

\$4,864,782.57 in undeliverable and uncashed checks, accrued interest, and additional excess funds not needed to fully compensate investors.

The Plan provides that the Fair Fund is eligible for termination and the Fund Administrator discharged after all of the following have occurred: (a) the final accounting has been submitted by the Fund Administrator for approval, and has been approved by the Commission; (b) all taxes, fees, and expenses have been paid; and (c) any amount remaining in the Fair Fund has been received by the Commission.

The Commission staff has confirmed that the Fund Administrator has completed the distribution process in accordance with the Commission's orders, that all taxes and fees and expenses owed by the Fair Fund have been paid, and that all monies remaining in the Fair Fund have been received by the Commission. The final accounting, which was submitted to the Commission for approval, as required by Rule 1105(f) of the Commission's Rules, 17 C.F.R. § 201.1105(f), and as set forth in the Plan, has been approved.

Accordingly, it is ORDERED that:

- A. the Fair Fund's remaining funds and any funds returned to the Fair Fund in the future, shall be transferred to the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934, 15 U.S. Code § 78u-6(g)(3);
- B. the Fund Administrator, A.B. Data Ltd., is discharged; and
- C. the Fair Fund is terminated.

By the Commission.

Vanessa A. Countryman
Secretary